

Assessing Financial Solutions for Sub-Saharan Africa

Key Benefits:

- Rapid assessment of financial solution market in specific geography
- Identification of key financial metrics to determine business viability
- Assessment of the implications of current regulatory environment on business case

A mobile-based remittance business case for an Africa-based investment firm.

Investing in New Markets

Remittances, the portion of migrant workers' earnings sent home to their families, have garnered the attention of financial institutions and investors. In Africa, remittances totaled nearly 40B USD in 2007 and accounted for 4% of GDP on a country-by-country basis. With billions of dollars being transmitted across borders, often in small increments, a mobile-based technology solution that increases efficiencies and reduces costs associated with remittances could not only be a profitable business but could also help ensure that a greater portion of transfers enter the broader economy.

An Africa-based investment fund management firm* wanted a complete business case analysis to understand the market viability of a mobile remittance service business for migrant Africans living around the world. The company saw an opportunity to play a catalytic role in funding a technology start-up that could generate healthy profits by meeting the needs of Africa's low-income communities who do not have access to conventional banking services.

Assessing Financial Flows

Vital Wave Consulting was engaged to provide a value chain analysis, key financial metrics for a three-year horizon, and an overview of critical success factors, market opportunities and regulatory environments for an international mobile remittance solution focused on serving African populations. This market assessment examined extensive demographic data, banked and unbanked populations, a thorough review of current remittance activity and service providers, and a summary of key regulatory issues influencing the proposed solution.

Following an assessment of the marketplace, Vital Wave Consulting depicted value chains at the national, international levels and, using market data and pricing structures, identified key financial metrics for a three year period, including estimates of revenues and expenses. This information allowed the client to determine the business opportunity and associated challenges of a mobile remittance service in Africa.

About Vital Wave Consulting

Vital Wave Consulting enables accelerated revenue growth in emerging markets through strategic consulting, market research and business intelligence. Clients include multinational corporations in the information technology and telecommunications industries.

Vital Wave Consulting conducted extensive research to understand the demographics of migrant populations and migratory paths. Reviewing data from development agencies and companies with local mobile remittance programs, Vital Wave Consulting assessed the total market opportunity and combined that with considerable research on estimated commission rates and transaction numbers to derive potential revenue projections.

The final recommendations considered the complexity of a mobile remittance solution and assessed the impact of regulatory issues and the value proposition for partners. The results were delivered to company executives as a comprehensive report with accompanying revenue projections.

Research-based Decisions

The firm's executive team was able to use the final analysis as a key component in their financial investment decision. The comprehensive diagnosis helped executives perceive the market opportunity and challenges, and the critical success factors for a sustainable and profitable solution. With this information, the client had the necessary data to make sound business decisions regarding a new and untested market.

* Vital Wave Consulting respects the confidentiality of its clients. Company and individual names have been omitted from this case study.



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